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Producers 88 - Paid Up  
With 640 Acres Pooling Provision

## PAID UP OIL AND GAS LEASE

TARRANT COUNTY TEXAS  
FILED

2010 DEC 21 AM 8:44

SUSANNE ANDERSON  
CLERK  
702621

THIS LEASE AGREEMENT is made this 21st day of January, 2008, by and between JOSEPH A. BONOLA and KRISTEN BONOLA husband and wife, whose mailing address is 1800 Barrington, Roanoke, Texas

as Lessor (whether one or more), and HILLWOOD ENERGY, L.P., 13600 Heritage Parkway, Suite 200, Fort Worth, Texas, 76177 as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land located in the County of Tarrant, State of Texas, hereinafter called leased premises:

SEE EXHIBITS "A" ATTACHED HERETO AND MADE A PART HEREOF.

**Tract 1:**

A certain tract or parcel(s) of land located in the G.B. Hendricks Survey, Abstract No. 680 containing 9 acres and being described as Tracts 1 and Tracts 2 in that certain Warranty Deed recorded as Instrument No. D200048928 of the records of the Clerks Office in Tarrant County, Texas.

**Tract 2:**

A certain tract or parcel(s) of land located in the G. B. Hendricks Survey, Abstract No. 680 containing 28.5318 acres and being further described in that certain Warranty Deed recorded as Instrument No. D196223988 in Volume 12577, Page 1671 of the records of the Clerks Office in Tarrant County, Texas

Tracts 1 and 2 above have a total of 37.5318 acres.

more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease, requiring no rentals, shall be in force for a primary term of five (5) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be twenty percent (20%) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be twenty percent (20%) of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commenced its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut-in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit at Lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to

protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interest, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be the proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, all in Lessee's sole discretion. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No charge in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no charge in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest, in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the rights of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat, and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water, and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release of other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to building and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer. Any top lease granted by Lessor in violation of this provision shall be null and void.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach of default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved. In the event the leased premises are encumbered by a mortgage, then prior to the payment of any royalties due hereunder, Lessor agrees to obtain a subordination of mortgage, at Lessor's expense, in a form acceptable to Lessee.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors, and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

Printed Name: JOSEPH A. BONOLA

Printed Name:

Printed Name: KRISTEN BONOLA

Printed Name:

Printed Name:

Printed Name:

Printed Name:

Printed Name:

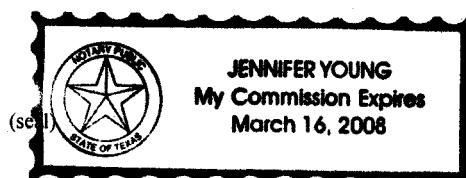
#### ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF Tarrant

This instrument was acknowledged before me on the 25 day of January, 2008, by Jennifer Young

Notary



#### ACKNOWLEDGMENT

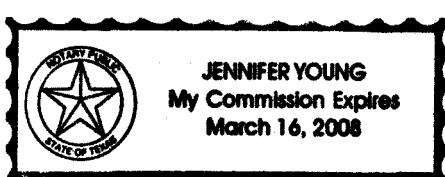
STATE OF TEXAS

COUNTY OF Tarrant

This instrument was acknowledged before me on the 25 day of January, 2008, by Jennifer Young

Notary

(seal)



#### CORPORATE ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF \_\_\_\_\_

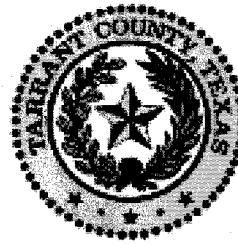
This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_, by \_\_\_\_\_ of  
a \_\_\_\_\_ corporation, on behalf of said corporation.

(seal)

PLEASE RETURN TO:  
Hillwood Oil & Gas Operating Company  
13600 Heritage Parkway, Ste. 200  
Fort Worth, Texas 76177

HI-CT-0043

DOCUMENT BEING REFILED TO  
INCLUDE EXHIBIT "A"



DOYLE LAND SERVICES  
417 KELLER PKWY

KELLER TX 76248

Submitter: DOYLE LAND SERVICES

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SUZANNE HENDERSON  
TARRANT COUNTY CLERK  
TARRANT COUNTY COURTHOUSE  
100 WEST WEATHERFORD  
FORT WORTH, TX 76196-0401

**DO NOT DESTROY**  
**WARNING - THIS IS PART OF THE OFFICIAL RECORD.**

Filed For Registration: 07/23/2008 12:42 PM  
Instrument #: D208286741  
LSE 4 PGS \$24.00

By: \_\_\_\_\_



**D208286741**

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE  
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR  
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Printed by: DS

## EXHIBIT "A"

Attached to and made a part of that certain Oil and Gas Lease (the "Lease") by and between JOSEPH A. BONOLA and KRISTEN BONOLA, collectively "Lessor," and Hillwood Energy, L.P., as "Lessee," dated the 21st day of January, 2008 (the "Effective Date"), covering 37.5318 acres more or less in Tarrant County, Texas (hereafter the "Leased Premises"). It is understood and agreed by Lessor and Lessee that the provisions of this Exhibit "A" shall supersede and control over any provisions to the contrary contained in the printed form of the lease to which this Exhibit "A" is attached.

1. Purchase Option. For the same consideration paid for the Lease, Lessor hereby grants and conveys to Lessee, its successors and assigns, the exclusive option ("Option"), to be exercised at any time and from time to time ending Ninety (90) days from Lessee's receipt of all of the necessary approvals and permits from all local and state governmental entities to drill a well on the surface of the Leased Premises (the "Option Period"), to acquire in fee (excepting only the oil, gas and other minerals) all or any portion of the eight (8) acre tract more particularly described on the surveyed plat attached as Attachment "1" hereto (the "Option Acreage"). The initial acquisition of the Option Acreage shall be in a tract of no less than two (2) acres in size (the "Initial Acquisition"); thereafter, however, Lessee may acquire at any time and from time to time during the Option Period any remaining Option Acreage in tracts of any size as elected by Lessee. The Initial Acquisition must include that portion of the Option Acreage located at the southwestern most corner of the (8) acres. All acquisitions made after the Initial Acquisition must be contiguous parcels. At any time during the Option Period, Lessee shall have the right to go onto the Option Acreage for the purpose of conducting tests or due diligence work. Lessee may exercise the Option one or more times by providing written notice to Lessor of such exercise along with a surveyed description of the Option Acreage to be acquired. Within fifteen (15) days of the receipt of such written notice by Lessor, Lessor shall deliver to Lessee a deed in the form attached hereto as Attachment "2", fully executed and acknowledges by Lessor, sufficient to convey to Lessee (or its designee) fee simple title to the subject portion of the Option Acreage subject only to the matters affecting title as are in effect on the date of this Lease, and free and clear of any rights of parties in possession (the "Deed"). In exchange for delivery of the Deed to Lessee, Lessee shall pay to Lessor a sum equal to TWO HUNDRED SEVENTY FIVE THOUSAND DOLLARS (\$275,000.00) per acre of the Option Acreage to be conveyed by the Deed. Lessor and Lessee agree to execute and deliver any additional documents necessary to accomplish the conveyance of any Option Acreage to Lessee in accordance with the intent of the foregoing provisions. During the Option Period, Lessor on behalf of itself and its successors and assigns, shall not and hereby waives any right to (i) place, occupy or construct any buildings (whether or not intended for human occupancy), structures, water lines, electric lines, telephone lines, utilities, lighting, signage, trails, sidewalks, streets, or any other improvements of any type or nature on the Option Acreage, (ii) grant any easements and/or rights-of-way over or through the Option Acreage, to convey any portion or interest in and to the Option Acreage to any third party, or to further encumber or enter into any lease or other agreement affecting the Option Acreage, or (iii) take any other action on the Option Acreage or surrounding lands owned by Lessor which would interfere in any material respect with the reasonable use of the Option Acreage for the purpose of exploring for, developing, drilling, producing, transporting, mining, treating and storing oil or gas. The Option shall run with the Option Acreage and shall be binding on Lessor and Lessor's heirs, successors and assigns, and a reference to the Option shall be set forth in a Memorandum of the Lease to be recorded in the real property records of the county in which the Option Acreage is located. The Option Acreage acquired by Lessee shall be referred to as the "Acquired Acreage."

2. Use of the Leased Premises (outside of the Acquired Acreage). Lessee agrees to consult with Lessor concerning locations of any roads, pipelines, water lines to be placed on the Leased Premises to and from the Acquired Acreage. Lessee shall at all times have unimpeded access to and from the Acquired Acreage, and nothing herein shall limit Lessee's use of the Leased Premises outside of the Acquired Acreage pursuant to the terms of the printed lease. After conclusion of any activities or operations on the Leased Premises (outside of the Acquired Acreage), Lessee agrees to restore the property to its original condition, as reasonably practicable. Lessee shall have the right to construct and have temporary use (from the date hereof until 90 days after the completion of the last well drilled by Lessee on said eight (8) acre tract under the terms of this lease) of a twenty-five foot (25') road from Dove Road to the Acquired Acreage. For the term of this Lease, Lessor on behalf of itself and its successors and

assigns, shall not and hereby waives any right to construct any improvements or take any other action on the Leased Premises which would interfere in any material respect with the reasonable use of the Acquired Acreage for the purpose of exploring for, developing, drilling, producing, transporting, mining, treating and storing oil or gas.

3. **Subsurface Easement.** Regardless of the exercise of the Purchase Option, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface easement under and through the Leased Premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated either on the Acquired Acreage or on other tracts of land and which are not intended to develop the Leased Premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface easements shall run with the land and survive any termination of this Lease or any future oil and gas lease burdening the property.

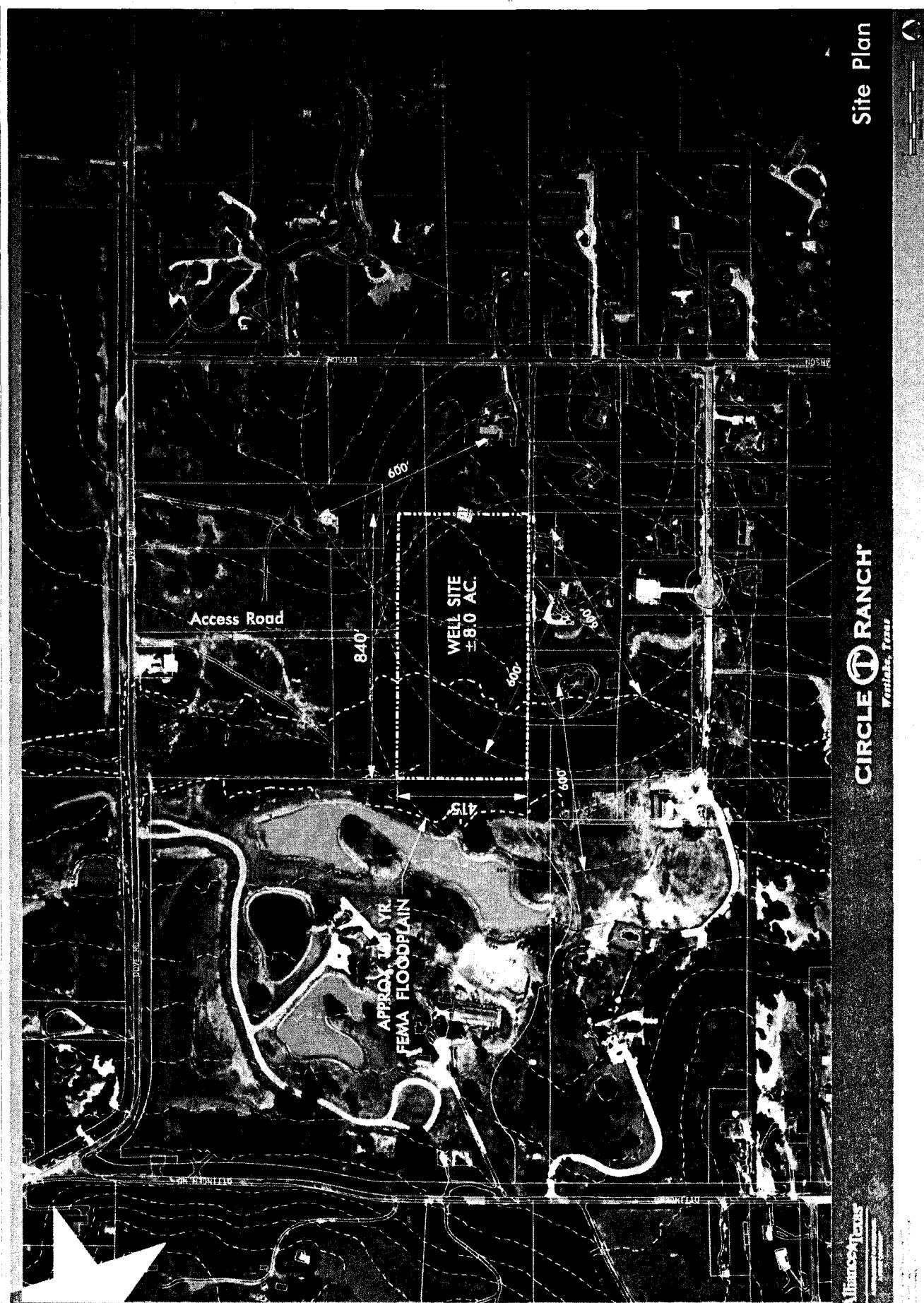
4. **Construction of Two Dams by Lessor.** Lessor intends to construct two concrete dams on the existing creek and existing pond located on the Leased Premises, one dam being 415' from Southern boundary of the Leased Premises and the second one being on the Northern edge of existing pond (the "Two Dams"). If Lessee decides to acquire any portion of the (8) acres, and the Lessor has previously constructed the Two Dams, the Lessee, at that time, must reimburse Lessor for the cost to construct the Two Dams on the creek and pond; such reimbursement not to exceed Thirty Five Thousand and 00/100 Dollars (\$35,000.00). The Two Dams will be constructed at Lessor's sole risk and expense (except for the limited reimbursement of costs provided for above). Lessor agrees to indemnify, defend and hold Lessee harmless from any and all claims, suits or causes of action, including any claims for personal injury, death of any person, or property damage, arising from the construction or use of the Two Dams.

5. **Water Well.** If Lessee exercises the Option, Lessee has the option to drill at least one (1) water well to replace any water it uses from the pond in connection with Lessee's drilling operations. Lessee will have free use of any water from the existing pond on the Leased Premises and Lessee shall have access to the pond for its operations on the Acquired Acreage and Lessee shall have the right to place water lines to and from the existing pond. Lessee will consult Lessor regarding placement of the initial water well at the most efficient location on the Leased Premises for Lessee's operations.

6. **Rock Wall.** Upon the conclusion of all planned drilling operations on the Acquired Acreage, Lessee agrees to construct a stacked rock wall on the side of the Acquired Acreage facing Lessor's property. The wall shall be a minimum of six (6) feet tall and shall not exceed a cost of One Hundred Eighty Five and No/100 Dollars (\$185.00) per linear foot. This provision shall be of no force or effect if Lessee does not exercise the Option.

7. **Acknowledgement of Oil and Gas Operations.** LESSOR, ON BEHALF OF THEMSELVES AND THEIR HEIRS, SUCCESSORS AND ASSIGNS, HEREBY EXPRESSLY ACKNOWLEDGE AND AGREE THAT THE ACQUIRED ACREAGE AND LEASED PREMISES MAY BE USED FOR MINERAL DEVELOPMENT, EXPLORATION, DRILLING AND PRODUCTION ACTIVITIES (THE "ACKNOWLEDGED USES"), AND LESSOR, ON BEHALF OF THEMSELVES AND THEIR HEIRS, SUCCESSORS AND ASSIGNS, HEREBY WAIVE AND RELEASE ANY AND ALL COMPLAINTS OR OBJECTIONS RELATED TO THE USE OF THE ACQUIRED ACREAGE AND/OR LEASED PREMISES FOR SUCH ACKNOWLEDGED USES, INCLUDING BUT NOT LIMITED TO (I) ANY CLAIMS OF NUISANCE OR OBJECTIONS TO VISUAL OBSTRUCTIONS, NOISE, ODORS OR LIGHT ARISING FROM SUCH OPERATIONS; AND (II) ANY OBJECTION TO ANY PERMIT OR APPROVAL REQUIRED FROM ANY GOVERNMENTAL AGENCY OR AUTHORITY TO CONDUCT THE ACKNOWLEDGED USES ON THE OPTION ACREAGE. IN ADDITION, LESSOR, ON BEHALF OF THEMSELVES AND THEIR HEIRS, SUCCESSORS AND ASSIGNS, HEREBY AGREE TO, AT ANY TIME AND FROM TIME TO TIME, EXECUTE ANY DOCUMENTS REQUESTED BY LESSEE TO MEMORIALIZE SUCH WAIVERS AND/OR APPROVAL OF SUCH ACKNOWLEDGED USES ON THE ACQUIRED ACREAGE AND/OR LESED PREMISES WITH ANY LOCAL, MUNICIPAL OR STATE GOVERNMENT AGENCY, UNIT OR AUTHORITY. THIS PROVISION SHALL SURVIVE THE TERMINATION OF THE LEASE.

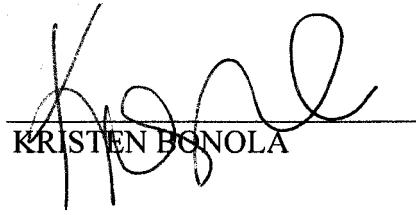
Attachment "1" to Exhibit "A"



SIGNED FOR IDENTIFICATION:

LESSOR:

  
JOSEPH A. BONOLA

  
KRISTEN BONOLA

PLEASE RETURN TO:  
Hillwood Oil & Gas Operating Company  
13600 Heritage Parkway, Ste. 200  
Fort Worth, Texas 76177

SUZANNE HENDERSON

COUNTY CLERK



100 West Weatherford Fort Worth, TX 76196-0401

PHONE (817) 884-1195

HILLWOOD OIL AND GAS OPERATING CO  
13600 HERITAGE PKWY 200  
FTW, TX 76177

Submitter: MANDI LEASE STULL

**DO NOT DESTROY**  
**WARNING - THIS IS PART OF THE OFFICIAL RECORD.**

Filed For Registration: 12/21/2010 8:44 AM

Instrument #: D210314001

LSE	9	PGS	\$44.00
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By: Suzanne Henderson

D210314001

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY  
BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Prepared by: DBWARD